

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|---|---|----------|
| THE APPLICATION OF SANDY HOOK WATER |) | |
| DISTRICT OF ELLIOTT COUNTY, KENTUCKY, |) | CASE NO. |
| FOR A CERTIFICATE OF PUBLIC CONVENIENCE |) | 95-171 |
| AND NECESSITY TO CONSTRUCT, FINANCE AND |) | |
| INCREASE RATES PURSUANT TO KRS 278.023 |) | |

O R D E R

On April 18, 1995, Sandy Hook Water District ("Sandy Hook") filed an application for a Certificate of Public Convenience and Necessity to construct a \$1,176,000 waterworks improvement project, for approval of its plan of financing for this project, and for adjustments to its water service rates. This project will provide service to 120 additional customers. Project funding includes a \$259,000 bond issue to be purchased pursuant to an agreement with the U. S. Department of Agriculture's Rural Economic and Community Development ("RECD"), formerly known as Farmers Home Administration, a \$502,000 grant from RECD, a \$375,000 grant from the Appalachian Regional Commission ("ARC"), and \$40,000 from applicants for service in the project area.

Sandy Hook's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U. S. Department of Agriculture and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in

this case on April 18, 1995, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Sandy Hook is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.

2. Sandy Hook's proposed plan of financing with RECD and ARC is accepted.

3. Sandy Hook is authorized to issue bonds not to exceed \$259,000 to be held or insured by RECD.

4. Sandy Hook shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

5. The rates set out in Appendix A, which is attached hereto and incorporated herein, are the rates approved for service rendered on and after the date of this Order.

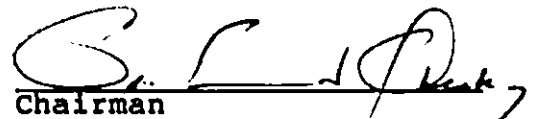
6. Sandy Hook shall submit its revised tariff setting out the rates in Appendix A within 30 days of the date of this Order.

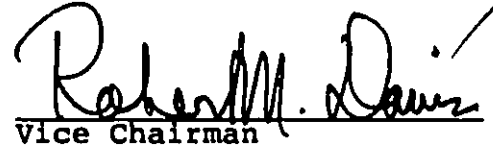
7. Sandy Hook shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or the pressure to any customer falls outside the requirements of 807 KAR 5:066, Section 5(1), Sandy Hook shall take immediate action to bring the system into compliance with Commission regulations.

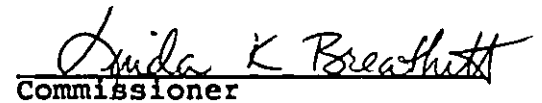
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 17th day of May, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 95-171 DATED May 17, 1995.

The following rates and charges are prescribed for the customers in the area served by the Sandy Hook Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES

5/8" x 3/4" Meter

| | | |
|----------|----------------|------------------------|
| First | 2,000 gallons | \$ 11.84 Minimum Bill |
| Next | 8,000 gallons | 4.51 per 1,000 gallons |
| Next | 10,000 gallons | 3.41 per 1,000 gallons |
| Next | 10,000 gallons | 3.03 per 1,000 gallons |
| All Over | 30,000 gallons | 2.75 per 1,000 gallons |

3/4" Meter

| | | |
|----------|----------------|------------------------|
| First | 5,000 gallons | \$ 25.37 Minimum Bill |
| Next | 5,000 gallons | 4.51 per 1,000 gallons |
| Next | 10,000 gallons | 3.41 per 1,000 gallons |
| Next | 10,000 gallons | 3.03 per 1,000 gallons |
| All Over | 30,000 gallons | 2.75 per 1,000 gallons |

1" Meter

| | | |
|----------|----------------|------------------------|
| First | 10,000 gallons | \$ 47.92 Minimum Bill |
| Next | 10,000 gallons | 3.41 per 1,000 gallons |
| Next | 10,000 gallons | 3.03 per 1,000 gallons |
| All Over | 30,000 gallons | 2.75 per 1,000 gallons |

1-1/2" Meter

| | | |
|----------|----------------|------------------------|
| First | 30,000 gallons | \$112.32 Minimum Bill |
| All Over | 30,000 gallons | 2.75 per 1,000 gallons |

2" Meter

| | | |
|----------|----------------|------------------------|
| First | 50,000 gallons | \$167.32 Minimum Bill |
| All Over | 50,000 gallons | 2.75 per 1,000 gallons |

3" Meter

| | | |
|----------|-----------------|------------------------|
| First | 100,000 gallons | \$304.82 Minimum Bill |
| All Over | 100,000 gallons | 2.75 per 1,000 gallons |

A monthly surcharge of \$7.00 will be collected from each of the new users located on the Phase II line extension. The surcharge may be dropped after the total number of users on the lines reaches 321. The surcharge may be discontinued with less than 321 customers if the Water District can show adequate revenues and with written consent of the RECD.